

CITY OF MONTEZUMA, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2019**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
<u>FINANCIAL SECTION</u>	
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statement	5
<u>REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule 1	
Summary of Expenditures – Actual and Budget.....	12
Schedule 2	
Schedule of Receipts and Expenditures	
2-1 General Fund	13
<u>Special Purpose Funds</u>	
2-2 Special Highway Fund	15
2-3 Special Street Equipment Fund	16
2-4 Capital Improvement Fund.....	17
2-5 PBC Sales Tax Fund	18
<u>Bond and Interest Fund</u>	
2-6 PBC Bond Reserve Fund.....	19
<u>Capital Project Funds</u>	
2-7 PBC Costs of Issuance Fund	20
2-8 PBC Project Fund	21
<u>Business Funds</u>	
2-9 Electric Utility Fund	22
2-10 Water – Sewer Utility Fund	23
2-11 Trash Utility Fund.....	24

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Montezuma, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Montezuma, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the City of Montezuma, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Montezuma, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Montezuma, Kansas as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget and the individual fund schedules of regulatory basis receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Montezuma, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated September 12, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for year ended December 31, 2019 (Schedule 2 as listed in the table of contents), is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the 2018 basic financial statement as a whole, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

August 26, 2020

CITY OF MONTEZUMA, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund:		
General	\$ 133,353	\$ -
Special purpose funds:		
Special highway	28,792	-
Special street equipment	25,290	-
Capital improvement	433,474	-
PBC sales tax	-	-
Total special purpose funds	487,556	-
Bond and interest fund:		
PBC bond reserve	-	-
Capital project funds:		
PBC cost of issuance	-	-
PBC project	-	-
Total capital project funds	-	-
Business funds:		
Electric utility	504,515	-
Water - sewer utility	121,737	-
Trash utility	47,447	-
Total business funds	673,699	-
Total City of Montezuma	\$ 1,294,608	\$ -
Composition of cash:		
Checking account		
Sweep account		
PBC checking account		
PBC sweep account		
Total City of Montezuma		

The notes to the financial statement are an integral part of this statement.

STATEMENT 1

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
<u>\$ 432,675</u>	<u>\$ 413,697</u>	<u>\$ 152,331</u>	<u>\$ 9,985</u>	<u>\$ 162,316</u>
26,109	44,882	10,019	-	10,019
6,527	2,246	29,571	-	29,571
50,120	4,269	479,325	4,268	483,593
<u>282,065</u>	<u>111,547</u>	<u>170,518</u>	<u>-</u>	<u>170,518</u>
<u>364,821</u>	<u>162,944</u>	<u>689,433</u>	<u>4,268</u>	<u>693,701</u>
<u>315,000</u>	<u>-</u>	<u>315,000</u>	<u>-</u>	<u>315,000</u>
252,742	252,742	-	-	-
<u>2,582,258</u>	<u>990,362</u>	<u>1,591,896</u>	<u>-</u>	<u>1,591,896</u>
<u>2,835,000</u>	<u>1,243,104</u>	<u>1,591,896</u>	<u>-</u>	<u>1,591,896</u>
1,207,356	1,203,536	508,335	43,714	552,049
315,037	300,380	136,394	18,263	154,657
<u>135,398</u>	<u>126,795</u>	<u>56,050</u>	<u>14,990</u>	<u>71,040</u>
<u>1,657,791</u>	<u>1,630,711</u>	<u>700,779</u>	<u>76,967</u>	<u>777,746</u>
<u>\$ 5,605,287</u>	<u>\$ 3,450,456</u>	<u>\$ 3,449,439</u>	<u>\$ 91,220</u>	<u>\$ 3,540,659</u>

\$ 92,468
 1,541,295
 100,000
1,806,896
\$ 3,540,659

CITY OF MONTEZUMA, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Montezuma is a municipal corporation governed by an elected mayor and five-member council. This financial statement presents the City of Montezuma (the municipality) and the Public Building Commission (part of the municipality). The Public Building Commission is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Public Building Commission. The Commission was authorized by City Ordinance No. 429, pursuant to K.S.A. 12-1757 et. seq., and all amendments thereto, establishing the composition thereof and purpose for which established.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2019:

REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest fund – used to account for the accumulation of resources (including tax levies, transfers from other funds, etc.) and payment of general long-term debt.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users for goods or services (i.e. enterprise and internal service funds, etc.).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in the official newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. The following fund was amended:

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
PBC Sales Tax	\$ -	\$ 112,000

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the Special Street Equipment, Capital Improvement, PBC Bond Reserve, PBC Cost of Issuance, and PBC Project funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

At December 31, 2019, the City's carrying amount of deposits was \$3,540,659 and the bank balance was \$3,551,614, all of which was covered by federal depository insurance.

C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2019 were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ payments</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Revenue bonds:					
Public Building Commission					
Issued January 24, 2019					
In the amount of \$3,150,000					
At an interest rate of 2.0%-4.4%					
Maturing July 1, 2039	<u>\$ -</u>	<u>\$3,150,000</u>	<u>\$ -</u>	<u>\$3,150,000</u>	<u>\$ 111,547</u>

Current maturities of revenue bonds and interest for the next five years and through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 60,000	\$ 118,560	\$ 178,560
2021	115,000	116,695	231,695
2022	120,000	113,990	233,990
2023	125,000	110,925	235,925
2024	125,000	107,550	232,550
2025-2029	700,000	473,818	1,173,818
2030-2034	850,000	324,575	1,174,575
2035-2039	<u>1,055,000</u>	<u>120,010</u>	<u>1,175,010</u>
Total	<u>\$ 3,150,000</u>	<u>\$ 1,486,123</u>	<u>\$ 4,636,123</u>

D. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follows:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
Operating transfers:			
Electric Utility	General	K.S.A. 12-825d	\$ 100,000
Trash Utility	General	K.S.A. 12-825d	25,000
Special Highway	Special Street Equipment	K.S.A. 68-141g	6,527
Electric Utility	Capital Improvement	K.S.A. 12-825d	25,000
PBC Cost of Issuance	PBC Sales Tax	Bond Ordinance	<u>66,170</u>
			<u>\$ 222,697</u>

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post-employment benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Death and disability other post-employment benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% and contributions were \$4,136 for the year ended December 31, 2019.

Deferred compensation plan. The City offers employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457.

Compensated absences. The City's compensated absence policy permits employees to earn ten vacation days after one year of service and fifteen days after ten years of service plus one day for each additional year of service after ten years. The City's policy does not allow employees to carryover accumulated vacation past their anniversary date unless approved. Unused vacation is paid upon termination or resignation.

Sick leave is accumulated at the rate of one-half day per month for eligible employees. The maximum number of days eligible to be carried over to a subsequent year is unlimited. Unused sick leave is not paid upon termination or resignation. The City's policy is to recognize the costs of compensated absences when actually paid.

F. DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

F. DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$36,765 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$304,096. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

G. RELATED PARTIES

For the year ended December 31, 2019, the City purchased golf course and noxious weed chemicals in the amount of \$9,510 from Farming Solutions Partners, LLC. Two of the Farming Solutions Partners, LLC members also serve on the City Council. The City purchased equipment in the amount of \$65,100 from American Implement. One of the City Council members is a Store Manager at American Implement.

H. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there have been no significant reductions in coverage.

I. CAPITAL PROJECTS

On January 24, 2019, the City issued \$3,150,000 in revenue bonds for a city pool and a community building. Of this total, \$252,742 was for the costs of issuance, \$315,000 was put into a reserve, and the remaining \$2,582,258 is for the projects.

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception as of December 31, 2019 are as follows:

	<u>Project authorization</u>	<u>Cash disbursements and accounts payable to date</u>
City pool project	<u>\$ 1,551,364</u>	<u>\$ 972,821</u>

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2020, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in the financial statement:

In recent months, the coronavirus (COVID-19) outbreak in the United States has resulted in reduced customer traffic and the temporary closure of operating hours for our office. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of the date of this report, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

On June 18, 2020, the City accepted a bid of \$259,700 towards the construction of a community building (see Note I. Capital Projects).

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MONTEZUMA, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund:					
General	\$ 500,000	\$ -	\$ 500,000	\$ 413,697	\$ 86,303
Special purpose funds:					
Special highway	46,080	-	46,080	44,882	1,198
PBC sales tax	112,000	-	112,000	111,547	453
Business funds:					
Electric utility	1,640,500	-	1,640,500	1,203,536	436,964
Water - sewer utility	465,500	-	465,500	300,380	165,120
Trash utility	170,000	-	170,000	126,795	43,205
	<u>\$ 2,934,080</u>	<u>\$ -</u>	<u>\$ 2,934,080</u>	<u>\$ 2,200,837</u>	<u>\$ 733,243</u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 121,129	\$ 130,122	\$ 129,035	\$ 1,087
Delinquent tax	1,375	695	-	695
Motor vehicle tax	17,455	24,974	24,508	466
Recreational vehicle tax	302	524	549	(25)
16/20M truck tax	72	113	95	18
Commercial vehicle tax	597	856	660	196
Local sales tax	80,264	79,315	70,000	9,315
Airport income	2,748	2,583	2,000	583
Fines	903	1,438	500	938
Fire department	12,216	8,996	8,000	996
Franchise fees	18,925	19,205	16,000	3,205
Licenses and fees	545	575	200	375
Donations	7,000	-	15,000	(15,000)
RV park income	3,404	3,650	3,000	650
Miscellaneous	12,636	36,235	-	36,235
Operating transfers in	175,000	125,000	150,000	(25,000)
Neighborhood revitalization	(1,644)	(1,606)	(1,586)	(20)
Total receipts	452,927	432,675	\$ 417,961	\$ 14,714
Expenditures:				
General government:				
Personal services	99,110	110,177	\$ 102,000	\$ (8,177)
Contractual services	37,616	63,614	33,000	(30,614)
Commodities	31,937	19,374	30,000	10,626
Subtotal	168,663	193,165	165,000	(28,165)
Employee benefits:				
FICA	27,134	27,819	30,000	2,181
KPERS	37,419	40,900	40,000	(900)
Medicare	6,346	6,506	7,000	494
Workmen's compensation	9,339	8,959	12,000	3,041
Subtotal	80,238	84,184	89,000	4,816
Fire department:				
Personal services	2,430	2,730	5,000	2,270
Contractual services	342	1,631	2,000	369
Commodities	66	64	1,000	936
Capital outlay	4,923	469	10,000	9,531
Subtotal	7,761	4,894	18,000	13,106

CITY OF MONTEZUMA, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Expenditures (continued):				
Noxious weed department:				
Personal services	\$ 8,550	\$ 3,924	\$ 15,000	\$ 11,076
Contractual services	-	105	-	(105)
Commodities	5,431	22,680	7,000	(15,680)
Subtotal	13,981	26,709	22,000	(4,709)
Police department:				
Personal services	19,981	20,574	23,000	2,426
Contractual services	42	2,679	1,000	(1,679)
Commodities	1,551	1,814	1,500	(314)
Capital outlay	-	-	1,500	1,500
Subtotal	21,574	25,067	27,000	1,933
Street department:				
Contractual services	670	3,892	-	(3,892)
Commodities	45,644	10,630	65,000	54,370
Subtotal	46,314	14,522	65,000	50,478
Airport	2,413	2,631	6,000	3,369
City beautification	14,936	469	4,000	3,531
Golf course	70,686	60,145	100,000	39,855
RV park expense	1,791	1,911	3,000	1,089
ADA Van	-	-	1,000	1,000
Total expenditures	428,357	413,697	\$ 500,000	\$ 86,303
Receipts over (under) expenditures	24,570	18,978		
Unencumbered cash, beginning of year	108,783	133,353	\$ 82,039	\$ 51,314
Unencumbered cash, end of year	\$ 133,353	\$ 152,331		

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
State of Kansas gas tax	\$ 26,002	\$ 26,109	\$ 26,220	\$ (111)
Expenditures:				
Street repair and maintenance	5,970	38,355	\$ 39,525	\$ 1,170
Operating transfers out	6,500	6,527	6,555	28
Total expenditures	12,470	44,882	\$ 46,080	\$ 1,198
Receipts over (under) expenditures	13,532	(18,773)		
Unencumbered cash, beginning of year	15,260	28,792	\$ 19,860	\$ 8,932
Unencumbered cash, end of year	\$ 28,792	\$ 10,019		

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

SPECIAL STREET EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Operating transfers in	\$ 6,500	\$ 6,527
Expenditures:		
Capital outlay	<u>1,062</u>	<u>2,246</u>
Receipts over (under) expenditures	5,438	4,281
Unencumbered cash, beginning of year	<u>19,852</u>	<u>25,290</u>
Unencumbered cash, end of year	<u>\$ 25,290</u>	<u>\$ 29,571</u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Interest and assessments	\$ 10,058	\$ 10,600
Street assessments	14,021	14,520
Sale of lots	108,974	-
Operating transfers in	<u>50,000</u>	<u>25,000</u>
Total receipts	<u>183,053</u>	<u>50,120</u>
Expenditures:		
Water improvements	3,098	4,269
Miscellaneous	<u>250</u>	<u>-</u>
Total expenditures	<u>3,348</u>	<u>4,269</u>
Receipts over (under) expenditures	179,705	45,851
Unencumbered cash, beginning of year	<u>253,769</u>	<u>433,474</u>
Unencumbered cash, end of year	<u><u>\$ 433,474</u></u>	<u><u>\$ 479,325</u></u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

PBC SALES TAX FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		
	2018	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Local sales tax	\$ -	\$ 215,895	\$ 180,000	\$ 35,895
Operating transfers in	-	66,170	66,170	-
Total receipts	-	282,065	\$ 246,170	\$ 35,895
Expenditures:				
Debt service:				
Interest	-	111,547	\$ 111,547	\$ -
Commissions and postage	-	-	453	453
Total expenditures	-	111,547	\$ 112,000	\$ 453
Receipts over (under) expenditures	-	170,518		
Unencumbered cash, beginning of year	-	-	\$ -	\$ -
Unencumbered cash, end of year	\$ -	\$ 170,518	\$ 134,170	\$ 36,348

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

PBC BOND RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Bond proceeds	\$ -	\$ 315,000
Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	315,000
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ 315,000</u></u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS**PBC COSTS OF ISSUANCE FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Bond proceeds	<u>\$ -</u>	<u>\$ 252,742</u>
Expenditures:		
Costs of issuance	-	186,572
Operating transfers out	<u>-</u>	<u>66,170</u>
Total expenditures	<u>-</u>	<u>252,742</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

PBC PROJECT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Bond proceeds	\$ -	\$ 2,582,258
Expenditures:		
Construction	<u>-</u>	<u>990,362</u>
Receipts over (under) expenditures	-	1,591,896
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,591,896</u></u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

ELECTRIC UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 1,184,853	\$ 1,205,986	\$ 1,300,000	\$ (94,014)
Miscellaneous	-	1,370	-	1,370
Total receipts	1,184,853	1,207,356	\$ 1,300,000	\$ (92,644)
Expenditures:				
Administrative and general	28,168	26,703	\$ 20,000	\$ (6,703)
Distribution	209,315	75,295	70,000	(5,295)
Non-operating	11,050	51,069	450,000	398,931
Personal services	136,931	140,234	150,000	9,766
Employee benefits	125,167	135,744	140,000	4,256
Production	547,314	608,164	648,000	39,836
Sales tax	28,737	41,220	37,500	(3,720)
Miscellaneous	1,200	107	-	(107)
Operating transfers out	125,000	125,000	125,000	-
Total expenditures	1,212,882	1,203,536	\$ 1,640,500	\$ 436,964
Receipts over (under) expenditures	(28,029)	3,820		
Unencumbered cash, beginning of year	532,544	504,515	\$ 340,544	\$ 163,971
Unencumbered cash, end of year	\$ 504,515	\$ 508,335	\$ 44	\$ 508,291

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

WATER - SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 314,369	\$ 314,297	\$ 324,975	\$ (10,678)
Reimbursements	746	740	-	740
Total receipts	<u>315,115</u>	<u>315,037</u>	<u>\$ 324,975</u>	<u>\$ (9,938)</u>
Expenditures:				
Administrative and general	2,546	2,995	\$ 3,000	\$ 5
Production	13,840	12,533	15,000	2,467
Distribution	157,398	97,746	127,500	29,754
Personal services	144,433	133,961	150,000	16,039
Non-operating	51,952	53,145	70,000	16,855
Capital outlay	-	-	50,000	50,000
Operating transfers out	50,000	-	50,000	50,000
Total expenditures	<u>420,169</u>	<u>300,380</u>	<u>\$ 465,500</u>	<u>\$ 165,120</u>
Receipts over (under) expenditures	(105,054)	14,657		
Unencumbered cash, beginning of year	<u>226,791</u>	<u>121,737</u>	<u>\$ 140,791</u>	<u>\$ (19,054)</u>
Unencumbered cash, end of year	<u>\$ 121,737</u>	<u>\$ 136,394</u>	<u>\$ 266</u>	<u>\$ 136,128</u>

See Independent Auditor's Report.

CITY OF MONTEZUMA, KANSAS

TRASH UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 80,055	\$ 79,200	\$ 78,000	\$ 1,200
County fees	54,580	56,198	63,250	(7,052)
Total receipts	134,635	135,398	\$ 141,250	\$ (5,852)
Expenditures:				
Contractual services	70,289	76,321	\$ 85,000	\$ 8,679
County fees	46,044	25,474	60,000	34,526
Other	1,655	-	-	-
Operating transfers out	50,000	25,000	25,000	-
Total expenditures	167,988	126,795	\$ 170,000	\$ 43,205
Receipts over (under) expenditures	(33,353)	8,603		
Unencumbered cash, beginning of year	80,800	47,447	\$ 28,800	\$ 18,647
Unencumbered cash, end of year	\$ 47,447	\$ 56,050	\$ 50	\$ 56,000

See Independent Auditor's Report.